

CASE NAME: CIRCUIT CITY STORES, INC., ET AL.

ACCRUAL BASIS

CASE NUMBER: 08-35653

JUDGE: KEVIN R. HUENNEKENS

UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF VIRGINIA

RICHMOND DIVISION

MONTHLY OPERATING REPORT

MONTH ENDING: JULY 1, 2009 TO JULY 31, 2009

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT (ACCRUAL BASIS-1 THROUGH ACCRUAL BASIS-7) AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE. DECLARATION OF THE PREPARER (OTHER THAN RESPONSIBLE PARTY): IS BASED ON ALL INFORMATION OF WHICH PREPARER HAS ANY KNOWLEDGE.

RESPONSIBLE PARTY:

/s/ MICHELLE O. MOSIER
ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

VICE PRESIDENT AND CONTROLLER
TITLE

MICHELLE O. MOSIER
PRINTED NAME OF RESPONSIBLE PARTY

SEPTEMBER 15, 2009
DATE

PREPARER:

/s/ CATHERINE W. BRADSHAW
ORIGINAL SIGNATURE OF PREPARER

DIRECTOR, ACCOUNTING
TITLE

CATHERINE W. BRADSHAW
PRINTED NAME OF PREPARER

SEPTEMBER 15, 2009
DATE

CASE NAME: CIRCUIT CITY STORES, INC., ET AL.	ACCRUAL BASIS-1
CASE NUMBER: 08-35653	

BALANCE SHEET

(amounts in thousands)

	7/31/2009
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	40,294
Restricted cash	16,117
Cash held by Bank of America (1)	243,966
Short-term investments	945
Accounts receivable, net	454,333
Income tax receivable	75,244
Prepaid expenses and other current assets	6,654
Intercompany receivables and investments in subsidiaries	85,035
TOTAL CURRENT ASSETS	922,588
Property and equipment	31,552
Accumulated depreciation	(14,615)
Net property and equipment	16,937
Other assets	11,539
TOTAL ASSETS	951,064
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Merchandise payable	209,839
Expenses payable	18,036
Accrued expenses and other current liabilities	36,787
Intercompany payables	607
Accrued income taxes	412
TOTAL CURRENT LIABILITIES	265,681
Deferred income taxes	7,084
Other liabilities	9
LIABILITIES NOT SUBJECT TO COMPROMISE	272,774
LIABILITIES SUBJECT TO COMPROMISE	1,417,937
TOTAL LIABILITIES	1,690,711
STOCKHOLDERS' EQUITY	
Common stock	435,612
Additional paid-in capital	304,915
Retained deficit	(1,452,515)
Accumulated other comprehensive loss	(27,659)
TOTAL STOCKHOLDERS' EQUITY	(739,647)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	951,064

(1) As permitted under the amended DIP credit facility, Bank of America holds cash swept from the company's bank accounts.

CASE NAME: CIRCUIT CITY STORES, INC., ET AL.
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ACCRUAL BASIS-2

INCOME STATEMENT

(Amounts in thousands)

7/1/2009 - 7/31/2009

Net sales	-
Cost of sales, buying and warehousing	-
Gross profit	-
Selling, general and administrative expenses (net gain)	(451)
Asset impairment charges (1)	5,103
Operating loss	(4,652)
Interest income	-
Interest expense	-
Loss before reorganization items, GAAP reversals and income taxes	(4,652)
Net loss from reorganization items	(7,942)
Net gain from GAAP reversals	-
Income tax benefit (2)	-
Net loss	(12,594)

(1) During July 2009, the company recorded a non-cash impairment charge of \$5.1 million related to its remaining owned properties.

(2) During July 2009, the company did not record a full tax provision.

CASE NAME: CIRCUIT CITY STORES, INC., ET AL.	ACCRUAL BASIS-2
CASE NUMBER: 08-35653	

INCOME STATEMENT

(Amounts in thousands)

11/10/2008 - 7/31/2009

Net sales	3,200,966
Cost of sales, buying and warehousing	2,825,511
Gross profit	375,455
Selling, general and administrative expenses	1,063,543
Asset impairment charges (1)	756,785
Operating loss	(1,444,873)
Interest income	90
Interest expense	24,695
Loss before reorganization items, GAAP reversals and income taxes	(1,469,478)
Net loss from reorganization items	(619,188)
Net gain from GAAP reversals (2)	282,255
Income tax benefit	905
Net loss	(1,805,506)

(1) The company recorded a non-cash impairment charge of \$756.8 million during the period between 11/10/2008 and 7/31/2009. The charge was primarily related to long-lived assets at the company's stores and the company's investment in its Canadian subsidiary.

(2) During the period between 1/1/09 and 7/31/09, the company reversed items that had been recorded solely for purposes of complying with generally accepted accounting principles. Items reversed include accrued straight-line rent, certain liabilities subject to compromise and other reserves established under GAAP. The net impact of these GAAP reversals was a non-cash gain of \$282.3 million.

CASE NAME: CIRCUIT CITY STORES, INC., ET AL.	ACCRUAL BASIS-3
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CASH RECEIPTS AND DISBURSEMENTS

(amounts in thousands)

	7/1/2009 - 7/31/2009
Operating Activities:	
Net loss	\$ (12,594)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Net loss from reorganization items	7,942
Asset impairment charges	5,103
Stock-based compensation expense	
Gain on dispositions of property & equipment	(4,595)
Cumulative impact of change in accounting principle	
Other	
Changes in operating assets and liabilities:	
Restricted cash and cash held by BOA	(31,861)
Accounts receivable, net	7,622
Prepaid expenses & other current assets	721
Other assets	576
Merchandise payable	22
Expenses payable	(139)
Accrued expenses, other current liabilities and income taxes	(552)
Net cash used in operating activities before reorganization items	(27,755)
Cash effect of reorganization items (professional fees)	(2,853)
Net cash used in operating activities	(30,608)
Investing Activities:	
Dividend received from captive insurance subsidiary	4,202
Proceeds from sales of property & equipment	19,562
Net cash provided by investing activities	23,764
Financing Activities:	
Change in overdraft balances	(4,876)
Net cash used in financing activities	(4,876)
Decrease in cash and cash equivalents	(11,720)
Cash and cash equivalents at beginning of period	52,014
Cash and cash equivalents at end of period	\$ 40,294

CASE NAME: CIRCUIT CITY STORES, INC., ET AL.	ACCRUAL BASIS-3
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CASH RECEIPTS AND DISBURSEMENTS

(amounts in thousands)

	<u>11/10/2008 - 7/31/2009</u>
Operating Activities:	
Net loss	(1,805,506)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Net loss from reorganization items	619,188
Net gain from GAAP reversals	(282,255)
Depreciation expense	44,297
Amortization expense	4
Asset impairment charges	756,785
Stock-based compensation benefit	(8,447)
Loss on dispositions of property & equipment	454,788
Provision for deferred income taxes	3,383
Other	(9,606)
Changes in operating assets and liabilities:	
Restricted cash and cash held by BOA	(260,083)
Accounts receivable, net	(134,749)
Merchandise inventory	1,605,958
Prepaid expenses & other current assets	87,022
Other assets	18,606
Merchandise payable	(3,255)
Expenses payable	(57,529)
Accrued expenses, other current liabilities and income taxes	(92,864)
Intercompany receivables	6,688
Other long-term liabilities	(231,876)
Net cash provided by operating activities before reorganization items	<u>710,549</u>
Cash effect of reorganization items (professional fees)	<u>(20,806)</u>
Net cash provided by operating activities	<u>689,743</u>
Investing Activities:	
Purchases of property and equipment	(748)
Dividend received from captive insurance subsidiary	8,952
Proceeds from sales of property & equipment	57,160
Net cash provided by investing activities	<u>65,364</u>
Financing Activities:	
Proceeds from DIP borrowings	2,961,203
Principal payments on DIP borrowings	(3,691,794)
Principal payments on other short-term borrowings	(198)
Proceeds from long-term debt	401
Principal payments on long-term debt	(1,983)
Change in overdraft balances	(3,774)
Net cash used in financing activities before reorganization items	<u>(736,145)</u>
Cash effect of reorganization items (debt issuance costs)	<u>(26,682)</u>
Net cash used in financing activities	<u>(762,827)</u>
Increase in cash and cash equivalents	<u>(7,720)</u>
Cash and cash equivalents at beginning of period	<u>48,014</u>
Cash and cash equivalents at end of period	<u>\$ 40,294</u>

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ACCOUNTS RECEIVABLE AGING	SCHEDULE AMOUNT	MONTH	MONTH	MONTH
		5/31/2009	6/30/2009	7/31/2009
1. 0-30		330,075	355,495	336,986
2. 31-60		22,072,878	1,544	-
3. 61-90		30,337,551	22,203,305	-
4. 91+		417,620,059	442,425,857	455,111,697
5. TOTAL ACCOUNTS RECEIVABLE		\$ 470,360,563	\$ 464,986,201	\$ 455,448,683
6. AMOUNT CONSIDERED UNCOLLECTIBLE		-	-	1,115,696
7. ACCOUNTS RECEIVABLE (NET)		\$ 470,360,563	\$ 464,986,201	\$ 454,332,987

AGING OF POSTPETITION TAXES AND PAYABLES					MONTH: 7/1/2009 - 7/31/2009
TAXES PAYABLE	0-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS	TOTAL
1. FEDERAL	\$ 50,056	\$ -	\$ -	\$ -	\$ 50,056
2. STATE	-	-	-	235,177	235,177
3. LOCAL	10,442,099	-	-	-	10,442,099
4. OTHER (SEE APPENDIX A)	440,219	15,069	107,308	15,667,772	16,230,368
5. TOTAL TAXES PAYABLE	\$ 10,932,374	\$ 15,069	\$ 107,308	\$ 15,902,949	\$ 26,957,700
6. MERCHANDISE PAYABLE	\$ -	\$ -	\$ -	\$ 209,839,280	\$ 209,839,280
EXPENSES PAYABLE	\$ 2,012,642	\$ 332,279	\$ -	\$ 15,691,103	\$ 18,036,024

STATUS OF POSTPETITION TAXES					MONTH: 7/1/2009 - 7/31/2009
FEDERAL	BEGINNING TAX LIABILITY*	AMOUNT WITHHELD AND/ OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY	
1. WITHHOLDING**	\$ (11,874)	\$ 43,517	\$ -	\$ 31,643	
2. FICA-EMPLOYEE**	20,430	(11,227)	-	9,203	
3. FICA-EMPLOYER**	(10,102)	39,395	(20,091)	9,202	
4. UNEMPLOYMENT	17,367	(105)	(17,254)	8	
5. INCOME	-	-	-	-	
6. OTHER (ATTACH LIST)	-	-	-	-	
7. TOTAL FEDERAL TAXES	\$ 15,821	\$ 71,580	\$ (37,345)	\$ 50,056	
STATE AND LOCAL & OTHER					
8. WITHHOLDING	\$ -	\$ -	\$ -	\$ -	
9. SALES	232,639	2,538	-	235,177	
10. EXCISE	-	-	-	-	
11. UNEMPLOYMENT	-	-	-	-	
12. REAL PROPERTY	196,725	25,062	-	221,787	
13. PERSONAL PROPERTY	10,220,312	-	-	10,220,312	
14. OTHER (SEE APPENDIX A)	16,334,756	(38,720)	(65,668)	16,230,368	
15. TOTAL STATE & LOCAL & OTHER	\$ 26,984,432	\$ (11,120)	\$ (65,668)	\$ 26,907,644	
16. TOTAL TAXES	\$ 27,000,253	\$ 60,460	\$ (103,013)	\$ 26,957,700	

* The beginning tax liability should represent the liability from the prior month or, if this is the first operating report, the amount should be zero.

** Attach photocopies of IRS Form 6123 or your FTD coupon and payment receipt to verify payment or deposit.

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APPENDIX A

OTHER TAXES PAYABLE

	<u>0-30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91+ days</u>	<u>Total</u>
State & Local Income Taxes	\$ 425,816	\$ -	\$ -	\$ -	425,816
Business Licenses and Gross Receipts Taxes	-	-	-	870,272	870,272
Other Taxes	-	-	-	-	-
Real Estate Taxes (passed through by landlord)	14,403	15,069	107,308	14,797,500	14,934,280
Other Taxes Payable	<u>\$ 440,219</u>	<u>\$ 15,069</u>	<u>\$ 107,308</u>	<u>\$ 15,667,772</u>	<u>\$16,230,368</u>

STATUS OF POSTPETITION TAXES - OTHER TAXES

	<u>Beginning</u> <u>Tax Liability</u>	<u>Amount</u> <u>Withheld</u>	<u>Amount Paid</u>	<u>Ending Tax</u> <u>Liability</u>
Other Taxes				
State & Local Income Taxes (1) (2)	\$ 425,816	\$ -	\$ -	\$ 425,816
Franchise Taxes (1)	-	-	-	\$ -
Business Licenses and Gross Receipts Taxes	870,272	-	-	\$ 870,272
Other Taxes	53,555	(53,123)	(432)	\$ -
Real Estate Taxes (passed through by landlord)	14,985,113	14,403	(65,236)	\$ 14,934,280
Total Other Taxes	<u>\$16,334,756</u>	<u>\$ (38,720)</u>	<u>\$ (65,668)</u>	<u>\$ 16,230,368</u>

(1) Income/Franchise taxes related to the fiscal year ending 2/28/09 are considered "postpetition" taxes because the ending date of the period on which the returns are based is postpetition.

(2) During March - July 2009, the company did not record a full tax provision. Therefore, the ending tax liability does not include an additional accrual for that period of time.

CASE NAME: CIRCUIT CITY STORES, INC., ET AL.

ACCRUAL BASIS-5

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The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

MONTH: 7/1/2009 - 7/31/2009

BANK RECONCILIATIONS				
	Account #1	Account #2	Account #3	
A. BANK:	see APPENDIX B			TOTAL
B. ACCOUNT NUMBER:				
C. PURPOSE (TYPE):				
1. BALANCE PER BANK STATEMENT				
2. ADD: TOTAL DEPOSITS NOT CREDITED				
3. SUBTRACT: OUTSTANDING CHECKS				
4. OTHER RECONCILING ITEMS				
5. MONTH END BALANCE PER BOOKS				\$ 56,410,487
6. NUMBER OF LAST CHECK WRITTEN				

INVESTMENT ACCOUNTS				
BANK, ACCOUNT NAME & NUMBER	DATE OF PURCHASE	TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7.				
8.				
9.				
10.				
11. TOTAL INVESTMENTS			\$ -	\$ -

CASH	
12. CURRENCY ON HAND	\$ -
13. TOTAL CASH - END OF MONTH	\$ 56,410,487

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APPENDIX B

G/L Acct #	Account Name	Bank Acct #	Debtor	Description	Bank Balance	G/L Balance	As of Date	Reconciled as of 7/31/09
101003	Wachovia Circuit City Master	2055275431509	Circuit City Stores, Inc.	Funding Account	1,677	39,925,847	7/31/2009	Y
101003	Wachovia Circuit City Main Disbursement	2000045277427	Circuit City Stores, Inc.	Funding Account	39,921,170	-	7/31/2009	Y
101015	Wachovia Vendor Disbursement	2079920046733	Circuit City Stores, Inc.	Disbursement Account	-	(25,104)	7/31/2009	Y
101063	Wachovia Sublease Lockbox	2055303192189	Circuit City Stores, Inc.	Depository Account	-	-	7/31/2009	Y
101082	BOA CC WC Licensing	1257401034	Circuit City West Coast	Transfer Account	-	-	7/31/2009	Y
101678	Escrow Deposit	4426874887	Circuit City Stores, Inc.	Escrow Account	4,043,006	4,043,006	7/31/2009	Y
101679	Escrow Deposit	4426876681	Circuit City Stores, Inc.	Escrow Account	11,043,017	11,043,017	7/31/2009	Y
101092	BOA Data Mailer (Payroll)	7313200844	Circuit City West Coast	Payroll Account	4,615	-	7/31/2009	Y
101092	Payroll - Data Mailer Shadow	1233557748	Circuit City West Coast	Payroll Account	-	-	7/31/2009	Y
101100	Suntrust Concentration	88001883706	Circuit City Stores, Inc.	Funding Account	23,610	-	7/31/2009	Y
101117	Chase Store Depository	744447244	Circuit City Stores, Inc.	Depository Account	1,116	1,116	7/31/2009	Y
101150	Wachovia Warranty Sales Deposits	2055303237073	Circuit City Stores, Inc.	Depository Account	-	-	7/31/2009	Y
101207	Bank of America Sky Venture	1257555447	Circuit City Stores, Inc.	Depository Account	100	-	7/31/2009	Y
101210	Wachovia Trading Circuit	2000022979133	Circuit City Stores, Inc.	Depository Account	558,458	558,458	7/31/2009	Y
101217	Wachovia Payroll	2079900613908	XS Stuff, LLC	Payroll Account	50,889	48,315	7/31/2009	Y
101219	Wachovia Corporate Depository	2055305959993	Circuit City Stores, Inc.	Depository Account	-	29	7/31/2009	Y
101236	BOA Store Depository	3750979967	Circuit City Stores, Inc.	Depository Account	-	-	7/31/2009	Y
101249	Wachovia Empire Blue Cross	2079920015191	Circuit City Stores, Inc.	Depository Account	-	-	7/31/2009	Y
101255	Wachovia Service Payables	2079900056044	Circuit City Stores, Inc.	Disbursement Account	-	(1,656,759)	7/31/2009	Y
101270	Wachovia Purchasing E/P Disbursement	2079900470992	Circuit City Stores Purchasing Co., LLC	Disbursement Account	-	-	7/31/2009	Y
101281	Wachovia Purchasing Co. Concentration	2000022979175	Circuit City Stores Purchasing Co., LLC	Funding Account	-	-	7/31/2009	Y
101307	Chase CC Empire Blue Cross	475600266	Circuit City Stores, Inc.	Depository Account	783,289	332,094	7/31/2009	Y
101332	Suntrust EP Disbursement	8800606660	Circuit City Stores, Inc.	Disbursement Account	-	-	7/31/2009	Y
101453	Solutran Citizens State Bank Parago Funding Acct	737934	Circuit City Stores, Inc.	Funding Account	49,956	49,956	7/31/2009	Y
101530	Wachovia Ventoux International	2000022979528	Ventoux International	Depository Account	1,050,000	1,050,000	7/31/2009	Y
101580	Wachovia Aviation	2000035264767	Circuit City Stores, Inc.	Depository Account	10,000	10,000	7/31/2009	Y
101677	BA Liquidation Acct	4426864923	Circuit City Stores, Inc.	Escrow Account	1,030,512	1,030,512	7/31/2009	Y
					<u>\$ 58,571,415</u>	<u>\$ 56,410,487</u>		

CASE NAME: CIRCUIT CITY STORES, INC., ET AL.
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ACCRUAL BASIS-6

MONTH: 7/1/2009 - 7/31/2009

PAYMENTS TO INSIDERS AND PROFESSIONALS

OF THE TOTAL DISBURSEMENTS SHOWN FOR THE MONTH, LIST THE AMOUNT PAID TO INSIDERS (AS DEFINED IN SECTION 101 (31) (A)-(F) OF THE U.S. BANKRUPTCY CODE) AND TO PROFESSIONALS. ALSO, FOR PAYMENTS TO INSIDERS, IDENTIFY THE TYPE OF COMPENSATION PAID (e.g. SALARY, BONUS, COMMISSIONS, INSURANCE, HOUSING ALLOWANCE, TRAVEL, CAR ALLOWANCE, ETC.). ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
1.			
2.			
3.			
4.			
5.			
6. TOTAL PAYMENTS TO INSIDERS (1)			

PROFESSIONALS						
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID *	
1. FTI Consulting, Inc.	7/28/2009	\$ 2,028,850	\$ 645,216	\$ 5,479,713	\$ 898,141	
2. Kirkland & Ellis LLP	7/28/2009	\$ 62,524	\$ 13,535	\$ 271,557	\$ 8,845	
3. KPMG LLP	7/28/2009	\$ 33,895	\$ 27,067	\$ 857,488	\$ 35,176	
4. Kurtzman Carson Consultants LLC		\$ 676,942	\$ 676,942	\$ 4,179,697	\$ 365,508	
5. McGuire Woods, LLP	7/28/2009	\$ 716,456	\$ 306,335	\$ 1,873,841	\$ 582,930	
6. Skadden, Arps, Slate, Meagher & Flom, LLP	7/28/2009	\$ 2,560,766	\$ 367,281	\$ 6,284,781	\$ 703,710	
7. Ernst & Young LLP	7/28/2009	\$ 524,683	\$ 258,146	\$ 1,425,772	\$ 150,096	
8. Tavenner & Beran, PLC	7/28/2009	\$ 68,337	\$ 38,493	\$ 166,649	\$ 32,461	
9. Jefferies & Company, Inc.	7/28/2009	\$ 134,350	\$ -	\$ 538,330	\$ -	
10. Pachulski, Stang, Ziehl & Jones	7/28/2009	\$ 621,103	\$ 204,296	\$ 1,993,658	\$ 254,336	
11. Rothschild Inc.	7/28/2009	\$ 3,157,829	\$ -	\$ 696,901	\$ 2,320,928	
12. Protiviti	7/28/2009	\$ 628,206	\$ 659,441	\$ 1,349,673	\$ 422,312	
13. DJM Realty Services, LLC	7/28/2009	\$ 777,896	\$ 26,855	\$ 704,261	\$ -	
TOTAL PAYMENTS TO PROFESSIONALS		\$ 11,991,837	\$ 3,223,607	\$ 25,822,321	\$ 5,774,443	

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

POSTPETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENTS DUE	AMOUNTS PAID DURING MONTH	TOTAL UNPAID POSTPETITION
1. Leases (2)	\$ 6,500	\$ 1,083,751	\$ 11,011,936
2.			
3.			
4.			
5.			
6. TOTAL	\$ 6,500	\$ 1,083,751	\$ 11,011,936

- Other than salary, fees and benefit payments made in the ordinary course of business and reimbursements for business expenses, no payments have been made to insiders during the reporting period.
- The leases line item is made up of several landlords. As such, only the total amount is reported in this schedule. The unpaid balance remaining at 7/31/2009 primarily includes some rent payments due for the period from 11/10/2008 - 11/30/2008.

CASE NAME: CIRCUIT CITY STORES, INC., ET AL. ACCRUAL BASIS-7
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MONTH: 7/1/2009 - 7/31/2009

QUESTIONNAIRE

	YES	NO
1. HAVE ANY ASSETS BEEN SOLD OR TRANSFERRED OUTSIDE THE NORMAL COURSE OF BUSINESS THIS REPORTING PERIOD?	X	
2. HAVE ANY FUNDS BEEN DISBURSED FROM ANY ACCOUNT OTHER THAN A DEBTOR IN POSSESSION ACCOUNT?		X
3. ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES, OR LOANS) DUE FROM RELATED PARTIES?	X	
4. HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD?		X
5. HAVE ANY POSTPETITION LOANS BEEN RECEIVED BY THE DEBTOR FROM ANY PARTY?		X
6. ARE ANY POSTPETITION PAYROLL TAXES PAST DUE?		X
7. ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE?		X
8. ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE?	X	
9. ARE ANY OTHER POSTPETITION TAXES PAST DUE?	X	
10. ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT?	X	
11. HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD?		X
12. ARE ANY WAGE PAYMENTS PAST DUE?		X

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES," PROVIDE A DETAILED EXPLANATION OF EACH ITEM. ATTACH ADDITIONAL SHEETS IF NECESSARY.

- The company sold assets outside of the normal course of business as part of its liquidation proceedings.
- Intercompany transactions in the ordinary course of business have given rise to postpetition receivables.
- Certain real estate taxes are passed through to the debtors from the landlords. A portion of these real estate taxes is past due.
- Certain business license taxes that covered both prepetition and postpetition periods were due on or before 7/31/2009 but were not paid.
- The rent for some store leases owed for the period 11/10/2008 through 11/30/2008 is past due; these payments are being held pursuant to a Court order. In addition, due to the liquidation proceedings, the debtors are currently reconciling amounts due to post-petition creditors, which has slowed creditor payments.

INSURANCE

	YES	NO
1. ARE WORKER'S COMPENSATION, GENERAL LIABILITY AND OTHER NECESSARY INSURANCE COVERAGES IN EFFECT?	X	
2. ARE ALL PREMIUM PAYMENTS PAID CURRENT?	X	
3. PLEASE ITEMIZE POLICIES BELOW.		

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "NO," OR IF ANY POLICIES HAVE BEEN CANCELLED OR NOT RENEWED DURING THIS REPORTING PERIOD, PROVIDE AN EXPLANATION BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSTALLMENT PAYMENTS			
TYPE OF POLICY	CARRIER	PERIOD COVERED	PAYMENT AMOUNT & FREQUENCY
Workers' Compensation & Employer's Liability	ACE American Insurance Company	4/1/09 - 4/1/10	\$4,396 paid at inception & \$4,089 due on 10/1/09
General Liability and Non-owned Auto Liability	First Specialty Insurance Company	4/1/09 - 4/1/10	\$85,000 paid at inception
Excess Liability	RSUI Indemnity Company	4/1/09 - 4/1/10	\$55,000 paid at inception
Foreign Liability Package	National Union Fire Ins. Co.	1/1/09 - 1/1/10	\$6,156 paid at inception
Fiduciary	Chubb Group	12/1/08 - 12/1/09	\$145,000 paid at inception
Fiduciary Excess	Arch	12/1/08 - 12/1/09	\$121,800 paid at inception
Crime	Chubb Group	12/1/08 - 12/1/09	\$75,000 paid at inception
Kidnap and Ransom	Chubb Group	12/1/08 - 12/1/09	\$5,000 paid at inception
D&O (Traditional) - Primary	AIG	12/1/08 - 12/1/09	\$185,000 paid at inception
D&O (Traditional) - Layer 1	ACE	12/1/08 - 12/1/09	\$166,500 paid at inception
D&O (Traditional) - Layer 2	XL	12/1/08 - 12/1/09	\$150,000 paid at inception
D&O (Traditional) - Layer 3	Valiant	12/1/08 - 12/1/09	\$135,000 paid at inception
D&O (Traditional) - Layer 4	AWAC	12/1/08 - 12/1/09	\$115,000 paid at inception
Runoff D&O - Primary	CNA	12/1/08 - 12/1/14	\$1,177,500 paid at inception
Runoff D&O - Layer 1	Chubb Group	12/1/08 - 12/1/14	\$487,500 paid at inception
Runoff D&O - Layer 2 (Year 1)	Great American	12/1/08 - 12/1/14	\$240,000 paid at inception
Runoff D&O - Layer 2 (Years 2 - 6)	Axis	12/1/08 - 12/1/14	\$240,000 paid at inception
Runoff D&O - Layer 3	Travelers	12/1/08 - 12/1/14	\$822,000 paid at inception
Runoff D&O - Layer 4	Axis	12/1/08 - 12/1/14	\$698,700 paid at inception
Runoff D&O - Layer 5	RSUI	12/1/08 - 12/1/14	\$589,050 paid at inception
Runoff D&O - Layer 6	Arch	12/1/08 - 12/1/14	\$540,000 paid at inception
Runoff D&O - Layer 7 (Side A DIC)	XL	12/1/08 - 12/1/14	\$1,275,000 paid at inception
Runoff D&O - Layer 8	Chubb Group	12/1/08 - 12/1/14	\$375,000 paid at inception
Property - Boiler & Machinery	Continental Casualty Company	8/15/08 - 8/15/09	\$31,734 paid at inception
Property - StockThroughput/Ocean Cargo	National Liability & Fire	9/5/08 - 8/15/09	\$91,845 paid at inception
Property - All Risk	Lexington, Axis, Lloyds of London, Liberty, GEP, Glacier Ins AG, State National, Princeton Excess, Industrial Risk, Lancashire, Landmark AmeriCNA, & Integon Specialty	8/15/08 - 8/15/09	\$2,750,701.66 paid at inception